



## **Poverty and Inequality Commission Cost of Living Briefing: September 2022**

This is the first in a series of quarterly briefings on the cost of living being prepared by the Poverty and Inequality Commission, based on its visits to community organisations and discussions with its Experts by Experience Panel.

The Commission carried out nine visits with community organisations over the period June – August 2022 to learn more about the work of the organisations and understand how the direct impact of the cost of living is affecting their communities and the organisations themselves. The visits by commissioners and our Experts by Experience Panel members were carried out before the UK Government's announcement on the energy price cap on 8 September. This briefing summarises some of the issues that the organisations told us about and also some discussions and reflections from our Experts by Experience Panel about the impact of the cost of living crisis.

### **1. Demand for services is rising**

Most of the organisations we spoke to described an increase in demand for their services. This was not simply in response to the cost of living, but in many cases demand had increased as a result of the pandemic and had never reduced. One organisation, whose main focus is not money advice or financial support, said that more families were coming to it because of financial troubles. The loss of the £20 Universal Credit uplift was also referred to by one organisation as a trigger where the organisation saw demand increase so much that it had to close its waiting list for three months.

Some organisations reported a change in the profile of people coming to them, with more people who were experiencing in-work poverty and whose income was just marginally above the level where they would be eligible for benefits.

“People who are on the financial margins and working poor is what we are seeing more of. Those whose income might be just £10 above the benefits levels. They are the ones we are seeing more of.”

*Community Organisation*

A food bank said that while it used to see seasonal workers during low season, it was now seeing them during high season as well, as hours have decreased as some sectors of hospitality are not as busy. It was also seeing more repeat customers.

## **2. Household Daily Costs**

Household costs for energy, food, transport and debt were a big concern reported by organisations, with households struggling to pay energy bills and buy food.

### **2.1 Food Costs**

One organisation said that people who used their service were skipping meals and not using cooking facilities due to fear of the cost of them. One project reported seeing more hunger amongst children, while another said that it was having to divert a larger part of its budget into feeding people who came in for the groups it was running.

#### ***Panel reflections***

Our panel have also talked about the impact of rising food costs.

‘The prices have exploded. When I compare what I paid for my weekly shop 1 – 2 years ago, it’s pretty much doubled and sometimes more than doubled. Because I live rurally, I’m limited in the options I have and what they offer.’  
*Panel member*

‘Whereas we could spend maybe thirty-odd pounds and we’d get loads of stuff out of Aldi’s, I mean we went last week and it was nearly fifty pounds, and it wasn’t even near what we would usually get.’  
*Panel member*

‘You look out for the bargains but even the bargains aren’t there anymore. It used to be you’d go in to the supermarkets in the evenings and things would be down to 10p, 20p and you’d stock up, but not now. Even the supermarkets have cottoned on that they can charge a bit more. I have to go to a food bank every week now.’  
*Panel member*

Panel members have described the need to budget day by day and make harder choices, and the difficulty in planning meals when they did not know what they would be able to afford. One panel member talked about missing meals:

‘I can’t remember the last time I had three proper meals. I take a lot of pain meds and I need to take them with food. At the minute I might get one proper meal in the evening. For breakfast and lunch it’s just a slice of toast, maybe a biscuit to take with the meds.’  
*Panel member*

### **2.2 Energy costs**

Energy costs were causing problems for families and we heard from organisations that some people were planning to stop their direct debits in October (after the next price cap rise) and risk being cut off. People were already using calor gas camping

stoves and heaters because they could not afford gas or electricity from the grid. This was causing condensation and risk of fire.

A foodbank said that it now made sure that food bags contained items that did not need to be cooked or heated, as people were also struggling with fuel poverty and did not have the gas or electricity to cook or heat foods. Another organisation said:

‘People are not using cooking facilities due to fear of the cost of them - food preferences have changed as a result, e.g. pot noodles that they only need to boil the kettle for.’

*Community Organisation*

### **Panel reflections**

Our experts by experience panel said that they did not know how they were going to cover rising energy costs. One panel member said that their energy provider had put their direct debit up to £300 and they could not pay it, so they were not paying the direct debit but were taking meter readings and paying actual costs instead. Another panel member talked about running out of money for energy even before the October price rise:

‘Just now, we get paid monthly, we put into electricity and gas, the 22<sup>nd</sup> of the month we pay it in, so we’ve got between the 22<sup>nd</sup> and the now [9<sup>th</sup> of following month] the gas has run out...so we’re just focusing on the electricity now.’

*Panel member*

‘Oil doubled in April. I haven’t had to fill up again since then. November, that’s the earliest I can afford to fill up based on the prices. My electricity has doubled and I’m living here on my own. I’m so mean with lights and things but yet it’s so expensive. Wood has gone up. I’m lucky enough to have a wood burning stove but I’m at the point now (August 2022) where I’m out gathering wood and kindling every weekend. It’s just ridiculous.’

*Panel member*

Panel members were particularly worried about how disabled and older people were going to cope with energy costs.

‘Because I suffer from chronic pain I am dreading the winter. In about 2- 3 months’ time (October-November), we’re going to have to put the heating on. If I am in pain I can’t do the smallest thing and I need heat to ease the pain.’

*Panel member*

One panel member was worried that elderly people would die if the heating did not go on. Another panel member, who is also a volunteer, said:

‘I’m just absolutely terrified as to how in the winter we’re going to cope, because as people with disabilities and who are chronically ill, for example, you need to use more energy because you’re in the house more but also you have different needs, whether it’s for hygiene reasons, or you need to be able

to consume more energy and now it's getting to the point where I'm hearing from clients who are having to wash themselves in the sink, rather than actually run a bath or be able to use their shower, it's just and we're not even in the worst of it yet. It's just terrifying.'

*Panel member*

### **2.3 Debt**

Debt was another significant issue highlighted by some organisations, particularly council tax debt. One organisation said that this had mainly been built up during the pandemic. It said that there was a need to reform council tax debt recovery and to begin treating people with dignity and respect when pursuing arrears.

### **2.4 Transport costs**

Rising petrol costs were highlighted by organisations providing services in rural areas. One noted that it was impacting on the ability of people to stay in work whether they had to commute to get employment, while another commented that petrol and public transport costs were making it unaffordable for people to travel to the food bank to pick up supplies. Transport costs were also having an impact on volunteers.

### **2.5 Strategies for managing**

#### ***Panel Reflections***

Our panel members told us about a whole range of strategies they already had in place to try to manage on a low income. These strategies included strict budgeting, accessing surplus food, using community shops/larders/fridges, making sure there is no waste, batch cooking to try to cut down on use of energy for cooking, taking daily meter readings and using hot water bottles instead of putting the heating on. They did not see what more they could do to reduce their costs in the face of rising food and energy prices. People have no leeway to cope with future increased costs.

'People who live in poverty, we are all experts at making things work, trying to cut corners and finding bargains, but it has gone beyond that. You can't find more ways to save. It's almost an impossible challenge you're facing. No matter what you do you will lose.'

*Panel member*

### **3. Mental Health**

'Mental health is being impacted negatively by the stress and worry about the increases in costs that families are unable to meet.'

*Community Organisation*

From our visits we can see that the cost of living crisis is clearly becoming a mental health crisis. A number of the organisations highlighted the impact of first the pandemic and now the cost of living crisis on mental health, and said that this was a

big issue that they were now dealing with. Debt and inability to buy food and pay bills is leaving people stressed and anxious, and increasing numbers of service users are experiencing mental health issues. One project spoke about asylum seeker families in particular and said that they were already isolated before the pandemic, but that this intensified during lockdown, with resulting mental health impacts.

### ***Panel Reflections***

Our panel members also raised the impact of the cost of living on mental health. They talked about the mental drain of having to constantly recalculate their budget, because costs were higher than expected, and of the struggle to plan ahead and how this affected their mood and attitude. One panel member described the importance to their physical and mental health of planning and eating healthy meals, but said that this was now difficult because they would get to the shops and find they could not afford to buy what they had planned. This was affecting their mental health. Another panel member described it as 'looking down a black hole'.

'It's downright upsetting. This uncertainty. This feeling of impending doom that seems to permeate life now. It feels like there is no way out of it. It just feels hopeless at the minute.'

*Panel member*

'I feel like I'm spiralling. I felt proud of myself. I'm working full time, I've brought my kids up, they've gone off to uni and now I feel like I was when they were small. I'm back to being really poverty-stricken again. It's actually making me quite emotional because I'm fifty next week and I thought I would be out of this by now. It's depressing.'

*Panel member*

With more service users experiencing mental health issues, the demands on services are increasing. One organisation said that it meant that this they were stretched beyond capacity, another that it was providing lots of therapeutic support, while a third said it was having to run more structured programmes than before as staff were having to spend more time "holding people's hands". They had applied for funding for a mental health worker to meet this increased need. One organisation said that due to isolation, digital exclusion and poverty they felt that children were not reaching their developmental milestones.

## **4. Increased Needs and Costs for Organisations**

Organisations we spoke to have the perfect storm ahead. They are struggling due to the increased community need for their services and the unstable higher costs of providing them. In terms of need, organisations highlighted the increased demand for services, first as a result of the pandemic, and now as a result of the cost of living crisis, and some described being "spread thinner" and struggling to cope with demand, volunteer fatigue, and the loss of those able to volunteer. Many talked about the challenges of expanding their support and serving more people, with the same amount or less funding.

The cost of living is also impacting directly on the organisations themselves, particularly in terms of energy costs. One organisation that offers cooking workshops and community meals said that the cost of energy was making it difficult to run its services. A foodbank said that it was seeing donations decrease as people needed to meet the pressures the cost of living crisis put on their family budgets, leaving them less financial headroom to help others. Rising food and petrol costs were also making it more difficult for the food bank to access food. Those that had previously volunteer to collect or deliver food can no longer afford the fuel to do so.

A food pantry said that it was now having to reduce the amount of food that families were able to purchase because of increased demand. Another organisation reported that a lot of projects were worried about whether they would be able to stay open over winter because of energy costs and other overheads, and that the local food larder was under huge pressure and worried it would have to turn people away. An organisation that had previously got a lot of support from businesses said that this had largely dried up as the cost of living crisis had pushed up business costs. Because of this, the organisation was having to pivot for grant funding that could reduce continuity of services provided.

## **5. Funding**

Resource is a significant concern for organisations. Nearly all the organisations raised the issue of funding in the light of rising energy and other costs. The additional funding provided by Scottish Government during the pandemic due to the increased demand was spoken about very positively by those who had received it to support frontline work. However, that funding had now ended but demand had not reduced and in most cases is increasing. Some organisations said they were finding it ever more difficult and stressful to cover their core costs. A major challenge was that the level of funding had not increased, even though their costs had increased greatly, and they were trying to do more with the same or less. One organisation said that it still received the same level of funding from the Scottish Government that it had got in 2019, despite costs and demand rising. Some organisations spoke about having to use their reserves to keep projects going.

For some organisations, the combination of rising costs and static funding was having an impact on staff recruitment and retention, as staff were forced to look for better paid and more secure work. One organisation said that there was a particular problem with trained, experienced childcare workers being snapped up by the public sector. It was noted that continuity and trusted relationships are important to service users and there were fears that these could be broken if organisations cannot retain staff.

The competition for funding, restrictions on funding – for example, the need to work nationally or have a novel and innovative approach – can make it hard to get funding for service maintenance. Organisations need to write almost constant funding proposals for multiple funders and have to report back to multiple funders who all have different reporting mechanisms. One organisation highlighted that it could not access funding that is for refugees and asylum seekers as it was not a service dedicated to this community, yet, it served an area with a high proportion of refugees and asylum seekers.

## 6. Specific issues highlighted by organisations

**Infant formula and nappies:** It was highlighted that there is a potentially an issue around access to infant formula and nappies. Mothers have reported that baby food is very expensive, and one organisation said that some mothers seemed to be moving children onto dairy milk too early. A food bank said there were challenges with stocking baby formula (knowing and getting the right types) and nappies. Another organisation said that food banks rarely get formula milk in and when they do its often only suitable for older children.

**Access to food:** Organisations can face particular issues about accessing food depending on their location and the communities they serve. There are particular issues for rural organisations around accessing food. A foodbank said that its local supermarket held limited stocks, there were maximum basket sizes for online orders and a round trip to the nearest cash and carry could take up a day of a volunteer's time, alongside high fuel costs. For another organisation, working in a culturally diverse community, there were difficulties accessing culturally appropriate food, as most of their food came from FareShare. This meant that food was restrictive for many members of their community.

**No Recourse to Public Funds:** One organisation highlighted that families with no recourse to public funds were a big area of concern and said that some awareness and public support for that cohort would be good.

**Digital poverty:** Digital poverty was raised as a big issue amongst their service users by one organisation who noted that it affects their ability to access benefits and support services.

## 7. What works in supporting local communities?

We asked organisations what they thought worked about how they operated.

**Building relationships with communities and service users:** Organisations referred to the time they had spent building relationships with those who use their services and the relationships developed over time with local communities. One organisation said that as a result they got a good deal of honesty from families about their situations that statutory services might struggle to get. Being locally based and having a strong reputation in the local community means that people hear services from previous users. One organisation said that its reputation in the local community was forged and consolidated during the pandemic as it was open throughout when most other services closed. It said it was crucial to co-produce its service with people in the community and be responsive to their needs.

**Taking a holistic, flexible approach:** Providing holistic, individualised support was identified as important in building trust and addressing underlying needs. One organisation said that their workers worked across different aspects of their service so that they could be responsive to and identify need. Flexibility was also highlighted as important in allowing services to be nimble and responsive to need.

**Building good relationships with other organisations:** Organisations identified they value in working well with other organisations and statutory agencies. This meant that those organisations knew who they were and would refer to them and that they were also able to refer on to other organisation that could support their service users. Beyond referrals, organisations also talked about the ‘synergy’ of working in partnership with other organisations and opportunities to support each other and share resources. Organisations commented on how the pandemic had improved local relationships where there had previously been none. Good community leaders also came in for praise; they were often individuals with good understanding of their community needs.

## **8. Messages for the Scottish Government**

‘For me this is the calm before the storm and we are seeing more and more complex cases every day.’  
*Community Organisation*

‘The cost of living crisis is likely to become a public health crisis and more intervention is needed to limit the impact on the most vulnerable families.’  
*Community Organisation*

We asked the organisations that we visited whether there were any messages that they wanted us to share with Scottish Government. The main messages were:

- Treat the cost of living crisis as a crisis with the same level of focus and action as the pandemic. It is likely to become a public health crisis.
- Take a cash first approach, and put cash into families’ budgets to help with this winter, providing targeted support to those who need it the most
- Provide help to people on variable incomes who missed out on the cost of living payment support because they worked more hours the week/month of the qualifying date for the payments.
- Some flexible funding should be made available for trusted service providers to distribute to people.
- Have an advertising campaign on entitlement to both reserved and devolved benefits that people could claim, to reduce stigma and increase take-up.
- More automation of benefits is needed so that people only need to make one claim rather than several.
- Longer term secure funding is needed for third sector and community organisations to allow for staff retention and service planning. Scottish Government should make it easier to get funding for service maintenance, not just new and innovative projects.
- Provide more funding to smaller organisation and make it more flexible so they can respond and adapt more quickly to local need.
- Provide a cost of living increase for funding to take account of rising costs and demand
- Make data sharing between services easier

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